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Keppel secures FPSO project worth over $190 million in Brazil 49

Cover image: Keppel Singmarine and McDermott International, Inc (McDermott) celebrated the naming of DLV 2000, a high-specification deepwater derrick lay vessel built to Keppel’s proprietary design. Present at the ceremony were (front row from L-R) Mr Abu Bakar, MD, Keppel Singmarine; Mr Hugh Cuthbertson, Vice President (Asia), McDermott; Mrs Brenda Cuthbertson, Lady Sponsor of DLV 2000; Mr David Dickson, President and CEO, McDermott; and Mr Chow Yew Yuen, CEO, Keppel O&M.

Published for people in the Keppel Group by the Group Corporate Communications Division, Keppel Corporation Limited, 1 HarbourFront Ave, #18-01 Keppel Bay Tower, Singapore 098632. Printed by Image Printers Pte Ltd, Blk 1002, Redhill Industrial Estate, Jalan Bukit Merah, #03-12, Singapore 159456.

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Ahead of the curve

In a landmark achievement in March this year, an artificial intelligence (AI) programme, Google DeepMind’s AlphaGo, defeated a top-ranked Go Grandmaster, Lee Sedol in four of five gruelling matches. The victory was a significant milestone for AI research, which had previously been consistently befuddled by the 2,500 year-old game that has more possible moves than the number of atoms in our universe.

The implications of this AI breakthrough are profound, with wide-ranging applications in fields from self-driving cars to financial trading. Together with technological advancements in robotics, automation and ICT in recent years, some are predicting the dawn of an ‘Industrial Revolution 4.0’.

Against this backdrop, it was also in March that Singapore’s budget post-SG50 was announced, which included measures aimed at preparing the country for the next 50 years and beyond. Among others, the 2016 budget introduced various initiatives aimed at promoting innovation and strengthening the economy.

Cultivating a spirit of innovation and enterprise is also one of Keppel’s Operating Principles. Our focus on technology and keeping a pulse on industry trends have helped Keppel stay ahead of the game in its chosen industries over the years.

In the 1980s, when the offshore and marine industry was dubbed a ‘sunset industry’, we were one of the first yards to invest in a supercomputer for engineering, which subsequently played a pivotal role in performing analyses for increasingly complex rig designs. It helped us to move to the right of the value chain, from being a rig fabricator to developing our own proprietary KFELS B Class jackup rig, which has become the industry benchmark today.

Looking ahead, an increasingly data-driven future would necessitate greater demand for data processing and storage. We have done well to heed this call and stay ahead of technological developments. Keppel Telecommunications & Transportation’s data centre division is poised to capitalise on big data trends by moving beyond colocation space to offer valued-added services such as supercomputer connectivity and low-latency connections to new markets (see story on page 23). In the same vein, Keppel Land is gearing for a hyperconnected future, having partnered with M1 to offer smart home features that are plugged into the Internet of Things.

Keppel’s businesses have provided innovative and holistic solutions across different industries over our 47-year history. As Singapore and Keppel gear up for a technologically-driven future, we must not rest on our laurels but continue adapting and innovating. Regardless of who, or where we are across the Group, every Keppelite can stay relevant and ready to contribute with sunrise solutions for the future.

As David Ogilvy, a celebrated creative leader and the ‘Father of Advertising’ once opined, “Senior men and women have no monopoly on great ideas. Nor do creative people. Some of the best ideas come from account executives, researchers, and others. Encourage this; you need all the ideas you can get.”
Running a tight ship

On the back of its multi-business strategy, strong financial discipline and prudent rightsizing efforts, Keppel is staying fighting-fit while taking advantage of the downturn to seek new opportunities. Mr Loh Chin Hua, CEO of Keppel Corporation, discussed the Group’s financial performance and key developments in the first quarter of the year via a “live” webcast on 18 April 2016. Keppelite reproduces his speech.

MACRO ENVIRONMENT

The macro environment remains challenging, with slowing growth in emerging economies. China continues its shift towards slower but more sustainable growth. OECD has also recently warned of growth easing off in several of the major advanced economies.

While oil prices have recovered from below US$30 per barrel in January, it continues to hover at around US$40 per barrel. The sustained low oil price environment continues to take a toll on the global oil and gas industry, which is in the midst of one of the most severe downturns in recent years. In the global offshore industry, we are seeing layoffs, mergers, as well as large reductions in capital expenditure as the industry prepares for a longer winter.

Brazil, which has traditionally been one of Keppel Offshore & Marine’s (Keppel O&M) key markets, continues to be mired in economic and political challenges, as well as the Lava Jato corruption scandal. As I announced at the start of the year, Keppel has stopped construction on Sete’s rigs since end-2015 and we will not resume construction until payment recommences.

Despite the challenges in the oil and gas sector, there continues to be engines of growth, especially in Asia, arising from continuing urbanisation. According to the World Bank, despite the migration of almost 200 million people to its cities in the first decade of the 21st century, Asia’s urbanisation may only be just beginning. This will create demand for high quality homes and offices, clean urban environments, good infrastructure such as Waste-to-Energy (WTE) plants and data centres, and connectivity. These are areas where Keppel has strong core competencies and where we can seize opportunities for growth.

FINANCIAL PERFORMANCE

Against the volatile environment, our multi-business strategy continues to keep Keppel in good stead to perform creditably. We achieved a net profit of $211 million in this quarter, down by 41% over the same period in 2015. The higher contribution from Property at 47% helped to partially offset lower profits from Offshore & Marine (O&M).

Economic Value Added for the period was $2 million. On an annualised basis, our Return on Equity was 7.1%.

Amidst the headwinds, we are keeping a watchful eye on our gearing and cash flows, exercising financial discipline to maintain an institutional quality balance sheet.

Creating high quality assets and then stabilising and monetising them to generate strong cash flow and recurring income are integral to Keppel’s multi-business model. In particular, we want to work the assets in our asset-heavy businesses much harder, and recycle them at the right time to earn the best risk-adjusted returns.

To better reflect the contributions of our asset managers under Keppel Capital, we will henceforth report their performance as part of our Investments Division.

Meanwhile, our share of associate earnings from the REITs and business trust run by the asset managers under Keppel Capital will continue to be reported under their respective business divisions in Property and Infrastructure. For added clarity, we will distinguish the contributions of these associates to the two divisions in our results presentation. Similarly, for the O&M Division, we will provide more detail by highlighting the collective contributions of associate companies such as Floatel International, Seafox and Dyna-Mac.

GROWING THE ASSET MANAGEMENT BUSINESS

Our asset management business has been a part of the Group for more than a decade. We have grown our assets under management from about $2 billion in 2006 to some $26 billion by end of 2015. This translates into a 30% growth compounded annually.
The consolidation of our interests in Alpha Investment Partners (Alpha), the Trustee Manager of Keppel Infrastructure Trust (KIT) and the managers of Keppel REIT and Keppel DC REIT is part of the strategy to sharpen our focus in asset management and grow this business.

By bringing together the strengths of our four asset managers, we can create synergies by centralising certain non-regulated support functions, as well as enhance talent recruitment and retention, and the sharing of best practices.

More importantly, the creation of Keppel Capital will strengthen the Group’s capital recycling platform, as well as allow us to expand our capital base through the creation of private funds in the real estate, infrastructure and energy spaces. As it creates opportunities for other investors in these areas, Keppel Capital can also serve as a catalyst, pulling through projects for our business verticals.

By enlarging the pie with like-minded co-investors, we can give the Group even greater financial capacity to grow, without putting a strain on our balance sheet.

OFFSHORE & MARINE
Keppel O&M continues to focus on executing our projects with our customers well, and delivering them safely, on time and on budget.

Just a few weeks ago, we shared the welcome news that Keppel FELS Brasil (BrasFELS) was awarded an FPSO module fabrication and integration project by its repeat customer MODEC Offshore Production Systems (Singapore) for a contract value of over $190 million (see back page story). The vessel is expected to arrive at the shipyard by the first quarter of 2017 for the integration phase. In the past five years, BrasFELS has delivered five FPSO projects safely and ahead of schedule, of which three were for MODEC.

Pursuing opportunities in the non-drilling market, Keppel is further honing its capabilities in the LNG business across the value chain. We have jointed secured with the BG Group, now a part of Shell, the licence to supply LNG bunker to vessels in the Port of Singapore. This will enable us to capture pull through work for LNG-fuelled newbuilds, repairs and conversions.

Apart from sharpening capabilities, we are also taking advantage of the downturn to seek new opportunities and expand our services to customers. I am pleased to share that we have obtained the Antitrust approval for our acquisition of the LETOURNEAU™ jackup rig designs, rig kit business, and aftermarket services from Cameron. Expected to be completed

In March 2016, Keppel FELS delivered two jackup rigs, CANTARELL I and CANTARELL II, to customer Grupo R. Built to Keppel’s proprietary XFELS B Class design, the jackup rigs will be chartered to PEMEX.
in 2Q 2016, the acquisition of LETOURNEAU™ will broaden our offerings to customers, allowing us to better support them with end-to-end jackup rig solutions.

Meanwhile, to ride out the current turbulence, we will continue to stay close to our customers, and focus on execution whilst rightsizing the organisation so that we can remain profitable even with a lower top line.

Since the start of 2016, our global workforce has been further reduced by 9.4% or about 2,800 headcount, of which 2,300 are from overseas yards, while 500 are from those in Singapore.

Apart from optimising our resources across our yards, we are also committed to managing our overheads effectively. Keppel O&M had cut its overheads by 10% last year compared to 2014. In this first quarter, we have further reduced overheads by another 28% compared to the first quarter of 2015, enabling us to achieve a healthy operating margin of 13.6% despite lower revenue.

Last month, Keppel FELS delivered two jackup rigs to our customer Grupo R, both of which have secured charters from PEMEX, Mexico’s national oil company. Built to our proprietary KFELS B Class design, CANTARELL I and CANTARELL II, are part of a series of five jackup rigs that Keppel FELS is building for Grupo R.

In total, we have delivered three drilling jackups in 1Q 2016, including one unit to Gulf Drilling International at the start of the year. During the quarter, we have also delivered a liftboat and a Transformer platform.

Last month, a naming ceremony was held by Keppel FELS for the accommodation semi Floatel Triumph which will be chartered by INPEX Operations Australia for work in the Ichthys Field, off Western Australia. This month, a naming ceremony was held by Keppel Singmarine for a high-specification deepwater derrick lay vessel built for Hydro Marine Services, a subsidiary of McDermott International. These are among the key projects we expect to complete in 2016, which include a number of jackups, a semisubmersible, a land rig and several conversion projects for floating production and storage solutions.

During these challenging times, we are working closely with our customers for win-win outcomes wherever possible. Earlier this year, Transocean and Ensco have announced the deferment of their projects. Deliveries of two other jackups, for Clearwater and BOT Lease Co, have also been deferred to next year, while deliveries of two semis are deferred from 2017 to 2019/2020. The contracts are still valid, and we are working towards delivering them based on the new schedules agreed upon with our customers.

We do not need to make provisions for any of these contracts currently. However, we are monitoring the situation carefully and are focused on executing our projects well.

PROPERTY
At the Extraordinary General Meeting of Keppel Land held last week, the participating shareholders have given their approval for the proposed Selective Capital Reduction, which will result in the cancellation of 0.73% of the total issued share capital in the company.

Keppel Land has proceeded to seek the approval and confirmation by the Court of the Selective Capital Reduction. At the completion of this exercise, Keppel Corporation will own 100% of Keppel Land.

In the first three months of 2016, our Property Division sold about 940 homes, mostly in China. This is higher than the 720 homes sold in the same quarter last year.

Despite tightening measures in the first-tier cities in China, we continue to experience positive demand for our premier developments in Shanghai, Chengdu, Tianjin and Wuxi.

Keppel Land continues its focus on strengthening its presence in its core markets and growth cities, as well as recycling assets for higher returns.

As one of the largest and pioneer foreign real estate investors in Vietnam, Keppel Land has been privileged to play a part in Vietnam’s urbanisation over the years. The recent relaxation of the Housing Law and Real Estate Business Law, improvements in public infrastructure, growing middle class as well as high urbanisation rate continue to drive the demand for quality homes and investment-grade offices in Vietnam.

Seizing more opportunities in Vietnam, Keppel Land took a 40% interest in a joint venture to develop a prime 14.6-hectare waterfront site in the Thu Thiem New Urban Area, which is poised to become Ho Chi Minh City’s (HCMC) future central business district. The planned development will comprise premium residential apartments, office and retail properties as well as an 86-storey integrated mixed-use tower complex. We are excited that through this project, we will bring the best in waterfront and urban lifestyles to HCMC as well as augment Keppel Land’s quality portfolio of prime residential and commercial properties in the city.

Separately, Keppel Land has also entered into a subscription
Sustaining Growth

Keppel Land, whose selective capital reduction received the approval of participating shareholders at its Extraordinary General Meeting on 13 April 2016, contributed to 47% of the Group’s earnings in the first quarter of this year. Pictured is the Keppel Land development, Highline Residences in Tiong Bahru.

Tapping on demand in recovering property markets across Asia, Keppel Land has about 20,000 homes in its portfolio ready for launch over the next two years, mostly in China.

In parallel, Keppel Land is actively strengthening its portfolio of commercial properties which has increased to over one million sm of gross floor area.

**INFRASTRUCTURE**

*Energy Infrastructure & Services*

Our team is pursuing growth opportunities in key areas such as Gas-to-Power and WTE both in Singapore and overseas. They are focused on building Keppel Infrastructure into a stable contributor to the Group’s bottom line.

In Qatar, Keppel Seghers has begun the 10-year operations and maintenance phase of the contract for the liquids stream, solids thickening and dewatering facilities in the Doha North Sewage Treatment Works.

Meanwhile, we continue to work at generating predictable and sustainable cash flows for KIT. Just last week, together with joint venture partner, Shimizu Corporation, KIT handed...
over the newly completed 1-Net North Data Centre to their client. The lease agreement is effective for a period of 20 years.

**Data Centres**

Under our data centre business, Keppel Data Centres Holding, a joint venture between Keppel Telecommunications and Transportation (Keppel T&T) and Keppel Land, continues to display strong capabilities by securing $84.5 million in contracts to provide colocation and data centre services at Keppel Datahub 2.

The contracts were signed with a blue-chip client in the internet enterprise industry and a government-related entity, bringing commitment at Keppel Datahub 2 to 100% within two years since the facility was completed in 2014. Built to energy-efficient specifications, the facility was the first newbuild data centre in Singapore to be awarded the BCA-IDA Green Mark Platinum Award for New Data Centres.

Keppel Data Centres also recently expanded its data centre footprint with the ground breaking of Keppel Datahub 3, its fourth data centre in Singapore. Once completed, it will feature approximately 183,000 sq ft of gross floor area, making it Keppel's second largest data centre in Singapore after Keppel Digihub.

On 18 April, Keppel Data Centres announced that it has entered into a long-term collaboration agreement with Hong Kong's PCCW Global to co-develop and market an international carrier exchange, which offers connectivity-related managed services to facilitate interconnects. The collaboration leverages PCCW Global's extensive global network connectivity and marks the expansion of Keppel T&T's data centre footprint into Hong Kong.

Expanding its value-added services to customers, Keppel Data Centres had also signed a Memorandum of Understanding with the National Supercomputing Centre to explore potential collaboration in areas of supercomputing and high performance computing, InfiniBand connectivity, networking and scientific software applications, green technology for data centres and related areas.

**Logistics**

In 1Q 2016, Keppel T&T secured additional clients for its logistics facilities in Singapore and Vietnam. In China, the new distribution centre in Tianjin and the Lu’an logistics park are expected to commence operations later this year.

**INVESTMENTS**

Our Investments Division is Keppel's fourth business vertical. It used to comprise mainly the Group’s holdings in associate companies k1 Ventures, M1 and KrisEnergy. As of 1Q 2016, we have also included contributions from the four asset managers under Keppel Capital.

Profit from the Investments Division were impacted in 1Q 2016 due mainly to the absence of gains from the sale of investments, which amounted to $50 million in 1Q 2015, as well as taking in our share of losses from KrisEnergy. However, the recurring earnings from our asset management business has been steady, contributing $15 million in 1Q 2016, vis-à-vis $13 million in 1Q 2015.

During the year, the Alpha Asia Macro Trends Fund II managed by Alpha has acquired the remaining 50% stake in the 78 Shenton Way office building as well as a Grade A office building, Jongro Place in Seoul’s CBD. We also expect to launch the Alpha Asia Macro Trends Fund III this year.

I have shared our plans to grow Keppel’s asset management business, and develop our Investments Division into a steady pillar of recurring income for the Group. Presenting our asset managers’ performance in this manner will enable us to better demonstrate and account for the future growth of this business.

Finally, I am pleased to update that we have made good progress on the formation of Keppel Capital. Since the announcement in January this year, we have installed an experienced and capable team of professionals at Keppel Capital, and are on track with the restructuring of our asset management business, which will be completed by 2H 2016.
Prudent capital management

Keppelite reproduces the speech by Mr Chan Hon Chew, CFO of Keppel Corporation, at the Group’s first quarter 2016 results webcast.

The Group recorded a net profit of $211 million in this quarter, which was 41% below the same quarter in 2015. Earnings per share also decreased by the same extent to 11.6 cents.

Economic Value Added was lower at $2 million, and annualised Return on Equity (ROE) decreased from 12.9% to 7.1%.

Free cash outflow was $306 million as compared to free cash inflow of $226 million in the first quarter of 2015 due mainly to lower cash flow from operations and higher working capital requirements mainly from the Offshore & Marine (O&M) and Property divisions.

Net gearing increased from 53% as at end 2015 to 56%.

1Q 2016 FINANCIAL HIGHLIGHTS

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<td>19.8</td>
<td>(41)</td>
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</table>

Continues on page 10...

Higher revenue from residential projects such as 8 Park Avenue in Shanghai (pictured) contributed to a 66% increase in revenue for the Property Division.
After tax and non-controlling interests, net profit was lower by 41% or $149 million. Similarly, earnings per share decreased by 41% to 11.6 cents.

**SEGMENTAL REVIEW**

With effect from this year, the asset management business is reported as part of the Investments Division to better reflect the contributions from our asset managers to be consolidated under Keppel Capital in the second half of this year.

At the Group level, revenue was 38% lower than the same quarter last year, led by lower revenues from the O&M Division as a result of lower volume of work, deferment of some projects and suspension of the Sete Brasil contracts. Infrastructure’s revenue decreased by 23% due to lower revenues from our power and gas business as a result of lower prices and volume.

The Property Division recorded an increase of 66% in revenue, contributed by higher revenue from residential projects in China such as 8 Park Avenue in Shanghai, and The Glades in Singapore, partly offset by the absence of revenue from The Luxurie in Singapore as the project obtained TOP in June 2015.

The Group recorded $278 million of pre-tax profit for the quarter, 39% or $177 million lower than last year.

Pre-tax profit for the O&M Division decreased by 51% or $129 million, driven mainly by lower operating results arising from lower revenue, and net interest expense as compared to the net interest income in prior period, partially offset by higher contribution from associated companies. The division’s operating margin was 13.6% as compared to 12% for the same quarter last year.

The Property Division’s pre-tax profit was 56% or $49 million higher than that of the corresponding quarter in 2015, as a result of higher contributions from residential projects in China and Singapore, and lower net interest expense.

The Infrastructure Division registered a 46% or $15 million decrease in...
pre-tax earnings as compared to the previous year, due to lower contribution from the power and gas business.

Pre-tax profit from Investments decreased by $82 million due to share of losses from associated company KrisEnergy, and the absence of gains from sale of investments, which amounted to $50 million in the first quarter of 2015.

After tax and non-controlling interests, the Group’s net profit decreased by 41% or $149 million to $211 million as compared to the same period last year, with Property Division being the top contributor to the Group’s earnings at 47%, followed by O&M Division at 45%.

Higher net profit from the Property Division partially offset the weaker earnings from O&M, Infrastructure and Investments.

**FREE CASH FLOW**
Cash flow from the Group's operations was $342 million in this quarter, down from $420 million in the same quarter of last year.

After accounting for working capital requirements mainly from the O&M and Property divisions, the Group’s net operating cash outflow was $354 million, as compared to an inflow of $284 million in the first quarter of 2015.

With our financial discipline and resilience built from the Group’s competencies in our chosen core businesses, we remain poised for new opportunities to deliver sustainable value for our customers and shareholders in the long run.

Mr Chan Hon Chew
CFO
Keppel Corporation

Net cash inflow from investing activities was $48 million, comprising divestment proceeds and dividend income from associated companies of $92 million, partially offset by operational capital expenditure mainly from the O&M and Investments divisions amounting to $44 million.

As a result, there was an overall free cash outflow of $306 million during the quarter, as compared to the inflow of $226 million in the same period of 2015.

**OUTLOOK**
In the face of the challenges in the oil & gas sector and the global economy, the Group stays focused on our multi-business strategy.

With our financial discipline and resilience built from the Group’s competencies in our chosen core businesses, we remain poised for new opportunities to deliver sustainable value for our customers and shareholders in the long run.

Contributions from the asset managers such as Keppel Infrastructure Fund Management, the Trustee-Manager of Keppel Infrastructure Trust, will be consolidated under Keppel Capital in the second half of 2016.
Weathering the storm

Keppelite shares highlights from the Question and Answer session of the 1Q 2016 results webcast, where senior management addressed issues and concerns of the financial community.

Q: Could you provide details on how you plan to maintain your free cash flow? Will you require more borrowings for the O&M division and what would be the impact to dividend payout?
LCH: We are watching our balance sheet very carefully. We run on a multi-business strategy and you can see that O&M has been a very big contributor to the Group over the last 10 to 14 years. Now, it is facing some headwinds but we remain optimistic that the other divisions will continue to contribute. We have seen the Property Division contributing more to the Group last year and in the first quarter of this year. When we do well, we do share the fruits of that with our shareholders. But at the same time, we want to make sure that the dividends paid are sustainable.

CHC: Currently, our gearing is at 56%. We still have quite good headroom. Although we do not have a gearing target, we want to maintain an institutional quality balance sheet. This means that we do not expect gearing to exceed 100%. As we do not have an explicit dividend policy, we have to look at our balance sheet and cash flow requirements in making that decision together with the Board.

Q: What is the current exposure to Sete Brasil? In the worst case scenario, would we see further write-offs?
CYY: We have reported that we have stopped work on the Sete Brasil rigs by the end of 2015 and have made a provision of $230 million in 4Q 2015. We can only say that we are currently in discussion with our customer.

CHC: We will continue to monitor the situation but the provision remains adequate for now.

Q: What is the outlook for the oil and gas market for 2016, in particular the global rig building market? How will the prospects affect Keppel Offshore & Marine (Keppel O&M)?
CYY: With the low oil price, the outlook for the oil and gas market for 2016 is not very good. Our repair and conversion as well as specialised shipbuilding businesses are doing quite well. The biggest challenge for us however, is in the rig building business as we do not expect the number of rig contract wins to be so high.

Q: Is your delivery schedule in 2016 realistic? Can we be assured that there will be no new provisions required for the deferred projects?
CYY: In the last meeting in January, I mentioned that there will be nine deliveries. Of those nine deliveries, we have delivered three and have six more to be delivered this year. We will work with our customers on win-win solutions if they should come to us to discuss their deliveries.

CHC: On the discussion of deferrals, we are entitled to compensation under the contract terms. At this point in time, there is no requirement for new provisions but we will have to continue to monitor the situation very carefully.

Q: The major oil producers have failed to reach an agreement to freeze production. What is your view on oil price trend moving forward? What is the impact on your O&M business?
LCH: We believe that oil price in the long term will have to move to a higher level that is more sustainable. In the short run, we believe that oil price could remain volatile and the failure of the major oil producers to reach an agreement will contribute to that volatility. Fundamentally, the outlook for the offshore side is expected to remain quite challenging in the foreseeable future.

Q: What is the revenue and net profit split by geography for the Property Division in 1Q 2016?
AWG: To answer your question broadly, we sold about 830 units from China, 60 from Singapore and 50 from Vietnam in the first quarter of 2016. In China, we are selling projects fairly quickly in the cities of Shanghai, Chengdu, Wuxi and Tianjin, which we have been focusing on.
Q: Does Keppel plan to acquire more land bank in China and where would that be?
LCH: We are constantly looking at acquiring land in our target cities in China but we are also very disciplined in how we go about acquiring land. We will bid at a price that we are comfortable with and sometimes when the market is a bit hot in terms of land sales, it could mean that we may back down. But I think it will serve us well in the longer term to have that discipline. We will continue to acquire land when it makes sense and of course, we are focused on turning the portfolio to get a better return on our assets.

Q: Keppel was reported to be bidding for the takeover of Biffa, a UK waste management company, which is now reported to be off the table. Is Keppel still looking to acquire similar cash flow heavy utility type of businesses?
OTG: We will look at opportunities that give us the right level of returns and cash flow. We will not chase after projects that are marginal in nature.
Creditable performance

Keppel Telecommunications and Transportation (Keppel T&T) posted higher revenue for the quarter ended 31 March 2016, up 0.7% to $48.3 million from $47.9 million a year ago. This was a result of higher revenue from the data centre division, offset by lower revenue from the logistics division due to lower warehousing and port operations revenue.

Net profit for the same period fell by 15.6% to $13.3 million due to lower share of results from associated companies, higher interest expense and higher taxation. Operating profit rose 6.4% to $6.7 million from $6.3 million due largely to higher contribution from data centres, partly offset by lower dilution gain on investment in associated companies and absence of gain on disposal of fixed assets.

Earnings per share for the period was 2.4 cents while net asset value per ordinary share was $1.30.

Keppel T&T’s logistics division continued to make headway despite the slowdown in China and Southeast Asia. During the quarter, it commenced operations for key customers in Vietnam and Singapore while projects under development in Tianjin Eco-City and Lu’an remain on track for commencement of operations later this year.

Its data centre division has maintained healthy occupancy at its facilities. Keppel Datahub 2 is undergoing its last phase of fit-out works and its net lettable space has been fully contracted (see story on page 19) while construction has commenced for Keppel Datahub 3, its fourth data centre in Singapore.

Steady distributions

Keppel Infrastructure Trust (KIT) announced a distribution per unit of 0.93 cents for its first quarter ended 31 March 2016, up from 0.78 cents a year ago.

Group revenue for the first quarter was $131.2 million, 14.7% higher than the same period last year, with full quarter contributions from the Crystal and KMC acquisitions. This was partially offset by lower revenue from City Gas as town gas tariff decreased with lower fuel prices, and the absence of Basslink’s facility fee as a result of a cable fault incident since 20 December 2015. The incident resulted in Basslink being taken out of service; its cause is still being investigated.

KIT’s distributable cash flows for the quarter ended 31 March was $40.7 million. This was $24.7 million higher than the same period last year due mainly to contributions from the Crystal and KMC acquisitions.

Profit attributable to Unitholders of the Trust in 1Q FY16 was lower than the previous financial period primarily as a result of Basslink not receiving facility fees due to the cable fault incident.

The trust estimates that the link is expected to resume operations in June 2016, although several unknown variables such as the weather, seabed conditions and logistical arrangements may impact the time frame.
Delivering sustainable returns

Keppel REIT has achieved higher 1Q 2016 distributable income year-on-year (y-o-y) and quarter-on-quarter (q-o-q) amounting to $54.4 million, despite the absence of income contribution from 77 King Street following its divestment in January 2016.

The higher level of income distributed to Unitholders was due to the consistent performance across Keppel REIT’s properties in Singapore and Australia, in particular improved returns from the joint ventures – 8 Chifley Square in Sydney and the newly-opened David Malcolm Justice Centre office tower (previously the Old Treasury Building site) in Perth.

Excluding the contribution from 77 King Street and other non-recurring income and expenses, property income and net property income for the current portfolio for 1Q 2016 improved 2.5% and 1.6% y-o-y respectively. The Manager has declared a distribution per unit of 1.68 cents for the quarter, equivalent to an annualised yield of 6.8%.

The Manager has continued its proactive marketing and rigorous leasing efforts, with only a minimal 3% of the portfolio’s total net lettable area (NLA) due for renewal for the rest of 2016. This marked a significant decrease from the 14% expiring leases one quarter ago. The majority of these expiring leases are likely to be renewed.

Including the recent renewals, the Manager has successfully concluded a total of 28 leases, equivalent to approximately 430,000 sf (attributable space of approximately 353,000 sf) of prime office space. Overall portfolio occupancy increased to 99.4% as at end-March 2016, up from the previous quarter’s 99.3%.

The Manager achieved a 99% tenant retention rate as at 1Q 2016, with rental rates for all leases recording an average positive rent reversion of 7%. The Manager continues to maintain long weighted average lease expiries of approximately eight years for Keppel REIT’s top 10 tenants and six years for the overall portfolio. Of the leases, approximately 85% are not due for renewal till 2018 and beyond, when limited new office supply is expected.

The Manager expects to renew most of the 11.5% of total portfolio NLA that is expiring in 2017 given that majority of these tenants are in their first lease renewal cycle. The Manager is also proactively engaging tenants with leases expiring in 2018.

Continued proactive refinancing efforts saw Keppel REIT’s aggregate leverage decrease to 39.0% in 1Q 2016. The Manager has also completed 100% of refinancing requirements in 2016, bringing its weighted average term to maturity to a healthy 3.6 years, with no refinancing requirements until 2H 2017. The Manager will continue to achieve capital efficiency as it strives to maintain a well-staggered debt maturity profile.

To provide certainty of interest expenses and safeguard against interest rate volatility, the Manager has increased its fixed-rate loans to over 75% as at 1Q 2016, up from 70% last quarter. Average cost of debt remained stable at 2.58%, with interest coverage ratio at a healthy 4.5 times.

The Manager has also hedged almost all of its forecasted distribution payout from Australia in 2016.
Surpassing forecasts

Keppel DC REIT achieved $14.7 million of distributable income for the first quarter ended 31 March 2016, 1.0% higher than its forecast and 3.8% higher year-on-year. Correspondingly, its distribution per unit of 1.67 cents was 1.2% above forecast and 3.7% higher than the same period last year. No distributions were declared for the quarter as Keppel DC REIT declares distributions on a half-yearly basis.

As at 31 March 2016, the REIT’s portfolio occupancy rate was 92.0% with a long weighted average lease expiry of 8.7 years. Notwithstanding a decrease in Citadel 100 Data Centre’s occupancy rate due to a client downsizing its requirements, occupancy continued to be strong at the remaining properties. The Manager will focus efforts on the leasing of the space in Citadel 100 Data Centre by engaging its existing clientele and reaching out to prospective clients.

The Manager will also remain focused on its disciplined investment and prudent capital management strategies to capture the growth potential of this industry and deliver value to the REIT’s stakeholders.

Stronger together

Keppel Enterprise Services (KENS) was set up on 1 April 2016 as one of the initiatives that will be rolled out progressively across the Group to harness synergy for greater productivity and efficiency. Drawing IT professionals from various business units under the umbrella of KENS, the new entity is part of the Keppel Group’s Vision 2020, an aspirational holistic development roadmap.

The formation of KENS marks a step towards reaping synergies in certain functions through process reviews and application of technology across the Keppel Group. It will also enable the Group to enhance control across its management systems, harmonise different systems and processes across the Group and avoid duplication.

With Group Information Systems (GIS) as a starting point, KENS centralises Programme Management, Engagement Management, IT Services Delivery and IT governance, allowing staff to become specialists in these areas.

Mr Jacob Tong, GM of GIS, said, “Elevating the management of these services to the Group level will not only streamline processes and yield higher productivity, it will also offer staff an opportunity to focus their professional development in certain specialisations as they perform their roles on a wider platform.”

John Leong, Senior IT Manager, previously from Keppel Land’s IT team, agreed, “I look forward to being a part of KENS as I feel that the exposure there will benefit us in the long run and help us grow as IT professionals.”

The consolidation of various IT professionals will build a robust team that will enable KENS to deliver superior services across the Group while allowing individual business units to focus on business and enterprise applications which are unique to their businesses.
Double delivery for Keppel FELS

Keppel FELS, a wholly owned subsidiary of Keppel Offshore & Marine (Keppel O&M), delivered two jackup rigs to Mexican company, Grupo R, in end March 2016.

Built to Keppel’s proprietary KFELS B Class design, the rigs, CANTARELL I and CANTARELL II, will be chartered to PEMEX, Mexico’s national oil company, for operations in the Cantarell oil field in offshore Mexico. They are the first two of five jackup rigs that Keppel FELS is building for Grupo R.

Mr Wong Kok Seng, MD of Keppel O&M (Offshore) and Keppel FELS, said, “We are pleased to deliver another two rigs in 2016 to our quality client Grupo R. Despite the current low oil price environment, the market continues to prefer safe and efficient rigs with a proven track record like our KFELS B Class. We have built strong relationships with our customers and continue to engage them in developing win-win solutions.”

With the delivery of the rigs to Grupo R, there will be 10 KFELS B Class rigs operating in Mexico, two of which are directly owned by PEMEX. It is the dominant rig design in the region, with those already in operation achieving robust, efficient and economical performance for Mexico.

The KFELS B Class jackup is designed to operate in water depths of up to 400 feet and drill to depths of 30,000 feet. Developed by Keppel’s Offshore Technology Development (OTD), the KFELS B Class jackup is equipped with an advanced and fully-automated high capacity rack and pinion jacking system, and Self-Positioning Fixation System. It has accommodation with full amenities for 150 people.

Keppel has delivered projects to Mexico since 2004 when it was awarded a contract to build two accommodation modules. Besides building new jackup rigs for Mexico, Keppel has also repaired and serviced a total of 18 rigs that have been deployed in Mexico.
Specialised capabilities

Keppel Singmarine and McDermott International, Inc (McDermott) celebrated the naming of a high-specification deepwater derrick lay vessel on 14 April 2016.

The derrick lay vessel, built to Keppel’s proprietary design for McDermott, was named DLV 2000. Following its delivery, DLV 2000 will be deployed for the INPEX Ichthys Liquefied Natural Gas project in offshore Western Australia.

Mr Chow Yew Yuen, CEO of Keppel Offshore & Marine (Keppel O&M), said, “We are pleased to deliver what will be McDermott’s flagship derrick lay vessel to add to their growing global fleet of specialised vessels. DLV 2000 has been designed with enhanced features to work in water depths of up to 10,000 feet and severe weather conditions.

“Having successfully built over 400 vessels, Keppel Singmarine has a strong track record in designing efficient and specialised units to meet the needs of the market. We are confident that this robust and high-quality vessel will serve McDermott well as their flagship derrick lay vessel wherever she operates,” he added.

Mr David Dickson, President and CEO of McDermott, added, “We are glad to add this state-of-the-art derrick lay vessel to our global fleet. The flexibility and features built into the design of DLV 2000 will enable us to provide more value-added services to meet the needs of the evolving market. We have built a strong partnership with Keppel O&M over the years, and they have demonstrated that their capabilities in design, engineering, execution and providing top-notch customer service run throughout the group.”

Developed by Keppel’s design arm, Marine Technology Development, DLV 2000 is capable of achieving efficient pipelay rates for long trunklines and operating in severe weather conditions while maintaining significant thrust output and power distribution.

Although DLV 2000 is designed to carry out pipelaying using the S-lay installation method, the vessel has the flexibility to accommodate a deepwater, 500-tonne flex-lay system that can be installed as needed in response to market needs.
Keppel Datahub 2 fully committed

Keppel Data Centres Holding Pte Ltd (KDCH), a joint venture between Keppel Telecommunications & Transportation (Keppel T&T) and Keppel Land, continues to display strong capabilities by securing $84.5 million in contracts to provide colocation and data centre services at Keppel Datahub 2.

The contracts were signed with a blue chip client in the internet enterprise industry and a government-related entity. Mr Wong Wai Meng, CEO, Keppel Data Centres Pte. Ltd. said, “We are pleased to welcome new clients to our Keppel Datahub 2 Facility. This brings commitment at Keppel Datahub 2 to 100% within two years since the facility was completed in 2014, attesting to Keppel Data Centres’ design and operational expertise in meeting the mission-critical needs of its clients.”

Keppel Datahub 2 is a Tier III, carrier neutral facility with more than 45,000 sf of high quality data centre and business continuity and disaster recovery space. Built to energy-efficient specifications, the facility was the first newbuild data centre in Singapore to be awarded the BCA-IDA Green Mark Platinum Award for New Data Centres by the Building and Construction Authority of Singapore and the Infocomm Development Authority of Singapore.

“Due to its quality infrastructure and continued focus on technological innovation, Singapore continues to be a high-growth market for multinational companies looking to host their data centre operations serving the Asia Pacific region. With work on Keppel Datahub 3 progressing well, Keppel Data Centres stands ready to deliver high quality data centre space to meet this ongoing demand.

“In addition, clients will benefit from our recently announced collaborations which will provide value-added services and connectivity that go beyond wholesale colocation,” said Mr Wong.
Engaging stakeholders

With a diversified portfolio in close to 30 countries across the globe, Keppel actively engages with stakeholders on business and sustainability goals to create enduring value for all.

SHOWCASING LNG SOLUTIONS

Keppel Offshore and Marine’s (Keppel O&M) ship repair and conversion unit, Keppel Shipyard, hosted Mr S Iswaran, Singapore’s Minister for Trade and Industry (Industry) on 19 April 2016 to share and exchange views on the Liquefied Natural Gas (LNG) market and plans to establish Singapore as an LNG bunkering hub.

Mr Iswaran was accompanied by government officials from the Ministry of Trade and Industry, Economic Development Board, International Enterprise Singapore and the Energy Market Authority. Receiving them were Keppel’s senior management including Mr Loh Chin Hua, Chairman of Keppel O&M and CEO of Keppel Corporation, Mr Michael Chia, MD (Marine & Technology) of Keppel O&M, Mr Chor How Jat, MD of Keppel Shipyard and Mr Abu Bakar, MD of Keppel Singmarine.

During the meeting, Keppel shared its LNG solutions that cater to different parts of the LNG value chain, as well as its tie-up with Shell to provide LNG bunkering services in Singapore from 2017.

Keppel Shipyard has a long track record in catering to the LNG market, and was the first shipyard in the world to provide conversion solutions for a Floating Liquefaction Facility in 2014. Earlier in the year, Keppel O&M and BG Group, now part of Shell, successfully won the licence awarded by the Maritime and Port Authority of Singapore to jointly provide LNG bunkering services in the Port of Singapore.

ROBUST EXCHANGE IN QATAR

Keppel Seghers, a wholly-owned subsidiary of Keppel Infrastructure (KI), set new standards in sustainability and waste management in the Middle East by designing, building and operating the Middle East's first fully integrated solid waste management facility, the Domestic Solid Waste Management Centre (DSWMC). The DSWMC will be operated and maintained by Keppel Seghers on behalf of Qatar's Ministry of Municipality and Environment and will continue to do so till 2031.

On 17 March 2016, H.E. Mr Mohammed Bin Abdullah Bin Mutib Al Rumaihi, Minister of Municipality and the Environment of Qatar, visited the Centre in Mesaieed, South of the capital Doha. Hosted by Mr Oon Ee Heng, GM, Operations & Maintenance, DSWMC, the Minister's visit to the facility was his first since assuming office in January 2016.

Accompanying the Minister on his visit were Mr Hamad Jassim Al Bahar, Director, Ministry of Municipality and Environment (MME), as well as Mr Safar Mubarak, Director of General Cleanliness Project, Mechanical Equipment Department and Waste Treatment Center, MME.
During the visit, Mr Oon provided the delegation with an overview of the DSWMC, and also explained the various processes from separation and recycling of waste, to the actual waste-to-energy operation.

In addition, the delegation was taken on a tour of the DSWMC to gain a better understanding of the operational processes and plant environment.

The DSWMC is designed to treat up to 2,300 tonnes of mixed domestic solid waste per day, servicing the whole of Qatar. It comprises state-of-the-art waste sorting and recycling facilities, an anaerobic digestion composting plant, a 1,500 tonne-per-day incineration plant, and a sanitary landfill compliant with the highest international standards.

**STRENGTHENING CHINESE TIES**

Keppel’s relationship with China, spanning the past three decades, has grown from strength to strength and contributed to the deepening of Sino-Singapore ties.

With a business footprint spanning 25 cities in China, Keppel is committed to build on its competencies in addressing China’s needs in sustainable urbanisation.

On 1 March 2016, senior management from Keppel comprising Mr Eric Goh, Chief Representative (China) and Mr Ho Tong Yen, GM of Group Corporate Communications, Keppel Corporation, as well as Mr Ben Lee, President of Keppel Land China, hosted a delegation from Tianjin to lunch. The delegation was led by the Head of the Organisation Department of the Communist Party of China Tianjin Municipal Committee, Mr Yin Deming.

The parties acknowledged the importance of Tianjin-Singapore relations, as Keppel representatives gave Mr Yin an overview of its businesses in Tianjin. Also present at the lunch were Mr Liew Choon Boon, CEO of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd., and officials from Singapore’s Ministry of National Development.

Separately on 17 March 2016, Keppel Corporation’s CFO Mr Chan Hon Chew hosted a delegation from the Sino-Singapore Tianjin Eco-City Administrative Committee led by its Vice Chairman Mr Yang Zhize to dinner. During the dinner, Mr Yang updated on the progress and development of the Sino-Singapore Tianjin Eco-City and discussed potential areas of collaboration with Keppel representatives.

**PORT OF CALL**

The ambassador-designate of Brazil to Singapore, Mr Flávio Soares Damico visited BrasFELS on 4 April 2016 to learn more about BrasFELS’ track record over the years as well as Keppel’s people development and community initiatives.

Mr Damico also met with BrasFELS employees who had been sponsored by the company for training and attachment programmes at academic institutions and at Keppel O&M’s shipyards in Singapore.

Mr Damico wrote in BrasFELS’ guest book: “It was with great pleasure that I witnessed the great teamwork of Singaporeans and Brazilians at BrasFELS shipyard. Together, we build a better future.”

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*Mr Oon Ee Heng (far right), GM, Operations & Maintenance of Keppel Seghers’ Domestic Solid Waste Management Centre, explaining the various processes of the plant to H.E. Mr Mohammed Bin Abdullah Bin Mutib Al Rumaihi (second from left), Minister of Municipality and the Environment of Qatar*

*The Ambassador-designate of Brazil to Singapore Mr Flávio Soares Damico (fourth from right) was hosted by Mr Marlin Khiew (fourth from left), President of BrasFELS, during his visit to BrasFELS shipyard*
Reliable repairs

As part of Keppel Offshore & Marine’s Near Market, Near Customer strategy to meet the needs of its customers worldwide, Keppel Verolme, located in Rotterdam, the Netherlands, serves as a major ship and rig repair centre in Europe. Its status as the yard of choice for its longtime customers was reinforced with a number of new projects in early 2016.

On 8 March 2016, Keppel Verolme was awarded a dry-docking and 10-year surveying job for the 39,200-tonne container vessel Camellia, of Marlow Ship Management Deutschland GmbH.

One of the main challenges involved the overhaul and repair work of the 32-tonne hatch covers on the vessel. As each hatch cover had to be placed on blocks beside the vessel, Camellia had to be dry-docked in Keppel Verolme’s mammoth dry dock No.7 to ensure there was ample space for the work to be done.

Mr Ruud van der Stroom, GM (Commercial), Keppel Verolme said, “Keppel Verolme executed the repairs and maintenance works for Camellia in a safe and cost-effective manner. Despite the initial challenges, the team executed the job with accuracy and efficiency and to the full satisfaction of its owner.”

Completed on time and with a perfect safety record, the repaired vessel left Keppel Verolme’s yard on 23 March 2016 and is scheduled for a long charter contract, with a new lease of life as CMA CMG Ponte des Colibris.

In February 2016, another container vessel, Hyundai Drive, was dry-docked in Keppel Verolme’s No.7 dock for steel repairs to its bottom hull.

“Keppel Verolme has built up long standing relationships with our customers by being able to provide quality repair services on time, safely and at competitive prices,” said Mr Harold Linssen, MD of Keppel Verolme.

Separately, on 18 March 2016, representatives of Keppel’s European agencies visited the yard to strategise and discuss opportunities for Keppel Verolme to further enhance its strong position in the ship repair market.
Keppelelite I April 2016

Sustaining Growth

Hong Kong connection

Keppel Telecommunications & Transportation Ltd (Keppel T&T) through Keppel Data Centres Holding Pte Ltd, announced on 18 April 2016, a long-term collaboration agreement with PCCW Global, the international operating division of HKT, a premier telecommunications service provider in Hong Kong.

The two companies will co-develop and market an international carrier exchange in Hong Kong, which offers connectivity-related managed services to facilitate interconnects. The collaboration leverages PCCW Global’s extensive global network connectivity and marks the expansion of Keppel T&T’s data centre footprint to Hong Kong.

Located in a prime business district on Hong Kong Island and a 40-minute drive from Hong Kong International Airport, the international carrier exchange will feature 1,000 sq m of high quality telecommunications centre space upon its expected completion in the fourth quarter of 2016. It will be fitted out to Tier III specifications with 2N power redundancy that ensures service availability of up to 99.982%.

The international carrier exchange is situated in the same building as the Hong Kong Point of Presence (PoP) for the new Asia-Africa-Europe-1 (AAE-1) submarine cable. Stretching approximately 25,000 km, the AAE-1 is designed to connect Asia, the Middle East, East Africa and Europe, and is expected to be ready during the fourth quarter of 2016. It will employ 100 Gbps technology, with a capacity of more than 40 terabits to provide customers with low-latency, direct connectivity around the world. The building is also served by PCCW Global’s extensive backhaul network, which will seamlessly link the international carrier exchange to many submarine cable landing stations and serve as a gateway to mainland China.

Mr Thomas Pang, CEO of Keppel T&T, said, “We are happy to partner with PCCW Global for our first investment into the Hong Kong colocation market, which benefits from the city’s status as a key telecommunications and financial hub, as well as its connectivity to other hubs in Singapore, Amsterdam, London, and Sydney. The expansion of Keppel’s data centre footprint to Hong Kong is another step towards creating a data centre value ecosystem that goes beyond colocation to providing value-added services and connectivity for our valued clients.”

Mr Marc Halbfinger, CEO of PCCW Global, said, “We are pleased to be playing a role in extending Keppel’s facility footprint to Hong Kong, which will reinforce the city’s reputation as one of Asia’s leading technology hubs. Indeed, Keppel T&T has been running high quality facilities supporting mission-critical operations for more than 10 years.”

Hong Kong is home to a strategic data centre market that acts as a springboard to mainland China for multinational corporations because of its proximity and mature legal system. According to the independent Structure Research consultancy, the territory’s data centre market was valued at HK$4.8 billion in 2015 and is expected to grow at a compound annual growth rate of 18% to reach HK$10.8 billion by 2020.
Extending partnership in Vietnam

As a demonstration of its commitment to Vietnam, one of Keppel Land’s key growth markets, an indirect subsidiary of Keppel Land, Ibeworth Pte. Ltd. (Ibeworth), has on 8 April 2016, entered into a subscription agreement with Nam Long Investment Corporation (NLG), a leading affordable housing developer in Ho Chi Minh City (HCMC), for the subscription of VND500 billion (approximately $30.4 million) in convertible bonds due in 2020 with a coupon rate of 7% per annum to be issued by NLG.

Keppel Land may convert the bond into ordinary shares of NLG, subject to conversion conditions at a conversion price of VND 23,500 per share.

Earlier last year, Keppel Land, through Ibeworth, subscribed for 7.1 million new ordinary shares of NLG, representing approximately 5% stake of the company, at a purchase consideration of about VND140.6 billion (approximately $8.7 million). If the total principal amount of the bonds are converted into shares, Keppel Land will hold up to approximately 15% in the enlarged share capital of NLG.

Mr Ang Wee Gee, CEO of Keppel Land, said, “We are happy to extend our partnership with NLG, a listed company in Vietnam and a recognised leader in the affordable housing market in HCMC. The subscription of the convertible bonds follows our initial investment in NLG last year and demonstrates our strong partnership with NLG as well as Keppel Land’s commitment to continue to participate in the company’s growth. It also underscores our confidence in the long-term investment potential of Vietnam, which is one of Keppel Land’s key growth markets.”

Early last month, Keppel Land took a 40% interest in a joint venture to develop a prime 14.6-hectare waterfront site in the Thu Thiem New Urban Area, which is poised to become HCMC’s future central business district. The planned development will comprise premium residential apartments, office and retail properties as well as an 86-storey integrated mixed-use tower complex. The planned projects will bring the best in waterfront and urban lifestyles to HCMC as well as augment Keppel Land’s quality portfolio of prime residential and commercial properties in the city.
Successful handover

Keppel Infrastructure Trust begins to recognise revenue from 1-Net North Data Centre.

With the successful handover of 1-Net North Data Centre (pictured) to its client, 1-Net Singapore Pte Ltd, a wholly-owned subsidiary of Mediacorp Pte Ltd, the asset has begun to generate predictable and sustainable cash flows for Keppel Infrastructure Trust.

DataCentre One Pte. Ltd. (DC One), a 51-49 joint venture company established by wholly-owned subsidiaries of Keppel Infrastructure Trust (KIT) and Shimizu Corporation respectively, has completed construction of the 1-Net North Data Centre (1-Net North) and handed it over to the client on 12 April 2016. DC One was established in June 2014 to develop, build and lease 1-Net North.

Following its handover, the triple-net lease agreement signed on 30 June 2014 between DC One and 1-Net Singapore Pte Ltd (1-Net), a wholly-owned subsidiary of Mediacorp Pte Ltd, is now effective. DC One will lease 1-Net North to 1-Net for a period of 20 years.

Mr Khor Un-Hun, CEO of Keppel Infrastructure Fund Management, the Trustee-Manager of KIT, said, “We are happy to see 1-Net North turn operational, and begin to generate predictable and sustainable cash flows for the Trust.”

Located at 18 Riverside Road, 1-Net North features over 200,000 sf of available area across four floors of data centre halls and one floor of office and ancillary space. Offering stable, secure and high-powered infrastructure for digitised content, the facility has achieved Uptime Institute Tier III certification and conforms with the Monetary Authority of Singapore’s Threat Vulnerability Risk Assessment specifications.

As a testament to its energy efficient features, 1-Net North has also attained the BCA-IDA Green Mark Gold™ certification for Data Centres from Singapore’s Building and Construction Authority and Infocomm Development Authority. The scheme recognises performance efficiencies in areas such as energy, water and environment, with a significantly higher emphasis placed on energy performance.

1-Net North was designed by DSCO Group Pte Ltd according to strict specifications by 1-Net and constructed by Shimizu Corporation (Singapore branch).
Reaffirming ties

Keppel Land continually fosters strong relations with the stakeholders in its key markets. In China, Mr Ang Wee Gee, CEO of Keppel Land called on Mr Lu Xiaodong, the newly elected Chief of Jing’an District, Shanghai, on 29 March 2016.

During the meeting, Mr Lu shared the upcoming plan for the new Jing’an District which has an area of 37 square kilometres, and welcomed Keppel Land’s continuous participation in the development of the district. Mr Ang reiterated the Group’s strong commitment to meet the growing need for sustainable urbanisation in China and shared Keppel Land’s long-term plan to deepen its presence in Jing’an district. He also expressed interest in the district’s new phase of development through different collaborations.

In Jing’an District, the Keppel Land-developed Park Avenue Precinct comprises three projects – residential developments, One Park Avenue and 8 Park Avenue, as well as retail-cum-office development, Park Avenue Central.

Shanghai is one of Keppel Land’s key cities of focus in China where it has established a foothold. Its other cities of focus in China include Beijing, Chengdu, Tianjin and Wuxi.
Industry insight

**OTC ASIA 2016**

As one of the leaders in the offshore and marine industry, Keppel Offshore & Marine (Keppel O&M) regularly participates in major conferences to exchange industry insights and establish lasting relationships with customers.

At the second Offshore Technology Conference Asia (OTC Asia) 2016 held from 22-25 March in Kuala Lumpur, Malaysia, Keppel O&M participated with a booth at the exhibition to showcase its capabilities. It also held a cocktail reception on 23 March to network with customers, partners and other stakeholders.

Keppel O&M has a strong presence in Asia, having undertaken a wide variety of projects in the region. It also has a number of shipyards in the area to service its customers.

OTC Asia 2016 attracted over 20,000 industry executives and technical professionals from 70 countries, with speakers from a variety of fields including governments, operators, service providers, advisory, research firms and academia.

**SINGAPORE MARITIME WEEK**

Separately in Singapore, the second edition of the Offshore Marine Forum returned on 19 April 2016 during the Singapore Maritime Week. A strong industry advocate, Keppel O&M supported the forum as a platinum sponsor.

The forum featured a discussion on key issues in the offshore and marine industry by a panel of experts which included Mr Chow Yew Yuen, CEO of Keppel O&M; Mr Jarand Rystad, Managing Partner, Rystad Energy; Mr Ron Mathison, MD of Swire Pacific Offshore Operations; Mr Geir Sjurseth, MD at DVB Bank AG and Mr Carl K. Arnet, CEO of BW Offshore. The discussion was chaired by Andreas Sohmen-Pao, Chairman of Singapore Maritime Foundation and BW Group.

In his analysis, Mr Rystad noted that oil prices could recover to US$60 to US$70 a barrel by the end of the year with oil companies cutting back heavily on investments and increasing demand cutting into the supply glut.

Mr Chow elaborated on Keppel O&M’s push to build new capabilities and its positioning to seize opportunities, sharing that Keppel O&M is taking the opportunity to look at some non-oil and gas-related projects where it is able to use its offshore technology to diversify its businesses.
Keppel is committed to maintaining high safety standards across the Group. The month of April saw its business units achieving safety bonuses and milestones while continually engaging its workforce and contractors to enforce a strong safety culture.

**CELEBRATING MILESTONES**

On 9 April 2016, Bumi Armada Berhad (Bumi Armada) and Shapoorji Pallonji awarded Keppel Shipyard with a safety bonus of $15,000 to commemorate the achievement of one million safe man-hours without lost-time incidents (LTI) for the Floating Production Storage & Offloading (FPSO) project, Karapan Armada Sterling III.

During the event, Keppel Shipyard also presented a token of appreciation to Bumi Armada in appreciation of the strong support rendered to the project team.

Mr Sanjay Dhir, Deputy Project Manager of the project shared, “Operating in a safe environment is our highest priority and Keppel has always gone the extra mile to create a safe and healthy work environment. Our tight partnership with Keppel contributed to yet another safety milestone.”

The successfully converted FPSO, Karapan Armada Sterling III, will be deployed to the Madura Strait Block BD in East Java, Indonesia, and operated by Husky-China National Offshore Oil Corporation (CNOOC) Madura Limited.

Separately, Keppel Shipyard also marked five million man-hours worked without LTI for the topside fabrication work for Golar LNG. In appreciation of the yard’s perfect safety record, Golar LNG presented a cheque of US$10,000 to Keppel Shipyard on 14 April 2016.

**ALL ABOARD**

Recognising that everyone has a part to play in ensuring a safe work environment, Keppel Infrastructure (KI) held its inaugural Contractor
Health, Safety and Environment (HSE) Forum at the Keppel Leadership Institute on 22 April 2016.

The forum was hosted by Dr Ong Tiong Guan, CEO of KI, and brought KI’s contractors and employees together to discuss occupational health and safety issues and best practices. Through a series of briefings and sharing sessions, participants gained deeper insights into the Group’s safety initiatives and common challenges faced.

In 2015, KI achieved a 60% reduction in Accident Frequency Rate and a 40% reduction in Accident Severity Rate compared to the year before.

PROACTIVE ENGAGEMENT
To empower Keppelites with health and safety knowledge, Keppel Housing organised a HSE Roadshow at Acacia Lodge on 25 March 2016. Over 450 residents turned up for the roadshow, which was supported by several government agencies, including the Ministry of Manpower, Workplace Safety and Health Council and Health Promotion Board.

During the roadshow, Keppelites received useful information on how they can look after their wellbeing while working in Singapore. Besides getting a better understanding of employees’ benefits and rights, attendees also picked up practical tips on how they can quit smoking successfully.

Mr Steven Lee, GM, Keppel Housing, shared, “To engage our diverse workforce, we hold regular talks and roadshows across our various dormitories to encourage our foreign workers to uphold high safety standards and acquaint them with Singapore’s employment laws.”

Heartened by the enthusiastic response, Keppel Housing will be extending its HSE roadshows to Cassia @ Penjuru and Juniper Lodge on 2 May 2016 and 29 October 2016 respectively.

Fuel for thought

Decide on what you stand for, and then stand for it all the time.

Clayton Christensen
Professor of Business Administration,
Harvard Business School
Championing sustainability

Senoko Waste-to-Energy Plant (SWTE), operated by Keppel Seghers, is an incineration plant that transforms waste into electricity. With a contracted incineration capacity of 2,100 tonnes of refuse per day, the plant generates an average of 1,100 MWh of electricity each day – equivalent to 117,857 households’ daily consumption.

SWTE was constructed with five catchment and two service water basins integrated within the facility. Rainwater and surface runoff are collected through various drainage channels and stored in the five catchment basins before being transferred to the service basins for general use, such as reception hall cleaning and boiler house washing. During dry spells, decreased rainfall causes the water levels in these basins to drop, which necessitates the purchase of additional NEWater to sustain operation and maintenance of the plant.

To boost the plant’s sustainability footprint, the SWTE Operations & Maintenance team embarked on a project aimed at reducing the amount of NEWater consumed by the plant during dry spells.

In the past, effluent water generated through various plant processes was treated and subsequently discharged into the sewers. Identifying this discharge as a potential source of reusable water, the team designed, fabricated and installed a multi-gravel filtration system to filter and treat the effluent water, which is subsequently channeled into the service water basins for use. The filtration system consists of several layers of porous media resting on a drainage gravel layer, which acts as a support medium for the entire system and allows for backwash to be carried out effectively.

The installation of the effluent filtration system at SWTE was completed in August 2015. During dry spells, the plant is now able to tap on its backup reservoir of filtered and treated effluent water in its service water basins. This greatly reduces the costs incurred through NEWater top up and treatment of the effluent water prior to discharge, resulting in cost savings of more than $500,000 over the remaining concession period of SWTE.

Mr Lee Song Koi, Senior Plant Manager, SWTE Operations & Maintenance, said, “The project has achieved operational cost savings and enhanced the Plant’s environmental friendly features by reducing NEWater consumption. The effluent filtration system designed by our team is also scalable and can be implemented across other plants operated by Keppel, as well as in our future plant designs.”

The Senoko Waste-to-Energy Plant Operations & Maintenance team designed, fabricated and installed an effluent filtration system (pictured) which reduces the amount of NEWater consumed at the plant during dry spells.
Honours in hospitality

Keppel Land’s hospitality properties were recently recognised for their product excellence. Sedona Hotel Yangon’s Inya Wing was conferred the ‘Highly Commended’ status for New Hotel Construction and Design (Myanmar) at the Asia Pacific Property Awards 2016-2017, while Marina at Keppel Bay was bestowed the PIANC Marina Excellence Design Jack Nichol Award 2016.

SEDONA HOTEL YANGON
Operated by Keppel Land Hospitality Management, Sedona Hotel Yangon’s Inya Wing, which was unveiled in November 2015, clinched the ‘Highly Commended’ status for New Hotel Construction and Design (Myanmar) at this year’s Asia Pacific Property Awards, in a ceremony held in Kuala Lumpur, Malaysia.

The new 29-storey wing sets a new benchmark for modern hospitality in Yangon, presenting customers with contemporary indulgences and unique experiences. The new wing adds 431 spacious and well-appointed rooms and suites, bringing the total room inventory at Sedona Hotel Yangon to 797, and Sedona’s total number of rooms in Myanmar to over 1,000.

Designed by Studio HBA, Inya Wing’s interior design was inspired by traditional Burmese art and culture, artfully infused with a modern, Asian aesthetic. It also offers expansive views of the pool, Inya Lake and the city.

Inya wing is linked to the existing hotel block via a specially designed connector comprising a new retail arcade and an elevated podium which houses a terrace featuring a swimming pool, fitness centre and restaurant.

MARINA AT KEPPEL BAY
Marina at Keppel Bay has become the first marina in Asia to be conferred the Marina Excellence Design Jack Nichol Award by The World Association for Waterborne Transport Infrastructure (PIANC), clinching the title over international marinas from Turkey, Croatia and Italy.

Receiving the award on behalf of Marina at Keppel Bay at the Asia Boating Forum 2016 on 8 April 2016 was Mr Trevor Fong, GM, Marina at Keppel Bay.

He said, “Since our establishment in 2008, the team at Marina at Keppel Bay has been working hard to forge ahead to improve and upgrade our marina infrastructure.

“At the same time, in caring for the environment, we also benchmark ourselves against the highest standards of environmental stewardship. “We are heartened that our efforts have garnered Marina at Keppel Bay international recognition. This award will spur us on in our journey towards achieving even higher standards in the Marina’s functionality and environmental sustainability for all our stakeholders, as well as the wider yachting community.”
“Be passionate about your work and enjoy the work you do,” shared Ms Christina Tan, CEO-Designate of Keppel Capital and MD of Alpha Investment Partners (Alpha), at the Leaders Dialogue organised by Keppel Young Leaders on 23 March 2016.

As one of the founding members of Alpha, Ms Tan has over 20 years of real estate and investment management experience across the United States, Europe, and Asia. Under her leadership, Alpha has since grown its assets under management to over $12 billion today.

Speaking to the 60 young leaders in attendance, Ms Tan shared about Keppel’s advantage and how the Group is able to harness strengths across business units to capture growth opportunities. Young Leaders also had the opportunity to learn more about Alpha and its recipe for success as one of the largest pan-Asian fund managers today.

Keppelite brings highlights from the engaging questions and answers session:

**What is the best investment that you have made in your career, either in terms of yields or personally?**

It has been an exciting journey for me. Interestingly, I started out in Alpha as the CFO. It was not an easy journey when we first started as it was when the SARS epidemic broke out. We started with zero capital and no track record. It was discouraging at times as we went around looking for our first investor.

I was then challenged to look into a new market and pitch to an investor. The Australian investor was keen to invest in the US, Europe and Asia, in that order. It was my first pitch and after spending time with them on a due diligence trip, they were convinced to invest in Asia first, then the US and Europe.

**How do you attract the best people?**

The success of fund management is in finding like-minded people who are committed to a culture of excellence and who understands the fiduciary nature of the business. When Alpha started, especially in countries such as Korea and Japan, we started out by selecting the most respectable and experienced locals to head the team. We leveraged their rich industry experience and personal network to attract other talented and like-minded employees.

**What keeps the fire burning in you?**

Stewardship. As a leader, I believe that you are a steward and it is up to you to make the best of the young talents and groom them to the best of their abilities. I enjoy working with the young talents in Keppel – they keep me young too.
Singapore’s economic transformation over the past 50 years has been widely hailed the world over, but “what generated success for us over the past few decades surely cannot be the same approach that we adopt going forward,” noted Dr Beh Swan Gin, Chairman of the Singapore Economic Development Board (EDB).

As the keynote speaker of the Grow Beyond Talk organised by Keppel Corporation’s Group Human Resources on 30 March 2016, Dr Beh spoke on the progress of Singapore’s economy and key growth drivers that local companies may wish to leverage to thrive in the future.

While low and uncertain growth has become the new normal, there are still plenty of opportunities for Singapore companies in China, India and Southeast Asia as their middle class populations grow and urbanisation continues, Dr Beh noted.

Over 200 Keppelites attended the talk at Keppel Leadership Institute while another 200 tuned in to the broadcast. Keppelite shares some excerpts from the question and answer session:

**What do you foresee will be the role of the O&M industry in Singapore in the next 10 to 20 years?**

We have to continue our trajectory, which is the move upstream and the creation of proprietary know-how and technology. This is what Keppel has been doing, when you started to come out with your own rig design. That’s the right trajectory, and that will be the role for the industry in Singapore. You will have to skate to where value is being created and not just fight for a share of the value-add.

**How can we cultivate an innovative culture?**

You always have to ask, what is the problem statement? What are you trying to solve? What is the customer need you’re trying to address? If you have the imagination, you may even be able to anticipate your customers’ needs even before they can articulate them.

**How would you describe your leadership style?**

When I was a young manager, there was a very simple framework that my then-boss shared with us. It has stuck with me all this time. I always remember these three ‘Ps’ when a strategy is not working or operations are not progressing the way that we envisaged.

You must be clear about your purpose – what are you here to do? The second is people. Do you have the right people? Many agencies in the public sector, maybe less so in the private sector, are slow to make changes when the person involved is no longer the right one. It is not to say that such individuals no longer have a role in the organisation, but it is about making sure that you play to their strengths and give them roles that are a better fit with their strengths.

The third is processes. For me, as a manager and a leader, it is important to make sure that decision-making processes are clear. People need to know which platforms will make what decisions and who can make what decisions. And when you have the authority to make a decision, it must include the ability to direct and allocate resources.

**What do you think of work-life balance?**

It is more about work-life integration. It cuts both ways. There are times during the workday when you need to attend to a family matter, and the organisation should be flexible enough to make that a non-issue. But there will also be times where you have to work late at night or over the weekend because there is a deliverable.

For the millennials, what I have found is, at least in the public sector, that if they feel that they are making a difference and working for an organisation whose mission they can associate with, they are very passionate and put in 110%.
Keppelites Around the World

Qatar calling

In December 2015, Keppel Seghers, a wholly-owned subsidiary of Keppel Infrastructure (KI), achieved a substantial handover of the Doha North Sewage Treatment Works (DNSTW) in Qatar to the client, and commenced the 10-year operations and maintenance phase of the contract for its liquids stream, solids thickening and dewatering facilities.

As CFO of KI’s Qatar operations and Project Controller for the DNSTW, Max Ng is part of the team that continues to work tirelessly to ensure the smooth handover of the remainder of the Design-Build-Operate project.

“I would rank this as one of my top achievements from my overseas stints with Keppel. Contributing to and witnessing the Doha North project progress to its substantial completion stage and handover has made all the hard work worthwhile,” he said.

Max is a seasoned veteran of Keppel, having been with the Group over the last eight years. He first joined Keppel Telecommunications & Transportation and was posted to Wuhu, China, in August 2008. He returned to Singapore in 2013 to spend a year in the company’s finance department, during which the opportunity to expand his horizons to Qatar presented itself via the Finance Managers Development Programme. The programme aims to identify, train and develop finance talent across the Group. Max embraced the opportunity and joined KI as Financial Controller, Qatar, on 25 April 2014. He was subsequently appointed CFO, Qatar, of KI on 1 July 2015.

In his current role, Max provides financial counsel to the Project Director (DNSTW) as well as the General Managers of the DNSTW and Domestic Solid Waste Management Centre, both of which are operated by Keppel Seghers. He also ensures accurate and timely financial reporting to the head office in Singapore, and liaises with external parties including auditors, bankers and local authorities.

Max shared on the challenges of working in a new environment, “In Singapore, we often take things for granted. We know when, where and how to get things done. In overseas markets like Qatar, you have to get out of your comfort zone, especially as the work culture and practices are different. For instance, Sunday is not a rest day but a work day in Qatar, while Friday is not a work day but a rest day. ‘TGIF’ therefore takes on a whole new meaning here!”

He added, “Even though the locals speak fairly good English, official correspondence is often in Arabic and we have to rely on translation services. However, the intent of the message may get lost in translation, so we usually have to follow up with a phone call or meeting to ensure all are on the same page.”

Despite the myriad challenges, Max believes that the positive outcome of working overseas far outweigh any difficulties one might face, and that the skill sets and experience gained are beneficial for one’s development.

“While working abroad, I have experienced different cultures, become more independent and adaptable, and honed my social skills,” he said. “My perspective has also changed and I see things differently now. I understand that there are many means to an end, so we should never be too rigid in our ways.”

As CFO of Keppel Infrastructure’s Qatar operations and Project Controller for the Doha North Sewage Treatment Works, Max Ng (back row, fourth from left) is part of the team that continues to work tirelessly to ensure the smooth handover of the remainder of the project.
Kinder surprise

For one day on 18 March 2016, kids bounced around the corridors of Keppel Infrastructure’s (KI) head office at Keppel Bay Tower, filling it with peals of laughter. Now in its second year, the KI Kids at Work Day gave employees’ children a glimpse into a typical work day of their parents.

Fourteen children participated in the day-long event that was jointly organised by KI’s Health, Safety & Environment, Innovation and Recreation and Community Circle teams.

Interactive icebreakers at the Keppel Leadership Institute kicked off an exciting day of activities, with the children introduced to KI’s various businesses and its Safety Golden Rules.

This was followed by a tour of the KI head office conducted by department representatives. The children had the opportunity to showcase their creative talent and artistic flair by drawing their visions of the future during a “Think and Generate” session. Dr Ong Tiong Guan, CEO of Keppel Infrastructure surprised the children at the end of their fun-filled day, rewarding them for a hard day’s ‘work’ with certificates of appreciation.

Scaling new heights

As part of an adventure and team building expedition organised by Keppelite Recreation Club (KRC), 39 Keppelites across the Group took on Mount Ophir in Malaysia from 25 to 27 March 2016.

Living up to its reputation as the sixth hardest mountain to climb in Malaysia, the hike up the 1,276m tall peak was characterised by uneven terrain, huge boulders and steep rock surfaces. It took the team eight hours to reach and return from the summit, with the more seasoned climbers patiently helping the less experienced participants along.

Despite their varying fitness levels, all 39 Keppelites persevered with Keppel’s Can Do! spirit and made it to the top.

Mr Lim Tow Fok, President of KRC, who also participated in the climb said, “The participants hail from different business units and backgrounds and it is heartening to see them bonding through tough times and helping one another along the way.”
Keppel Corporation and Esplanade – Theatres on the Bay have renewed their partnership for Keppel Nights, a programme that provides students from heartland schools in Singapore with access to arts and cultural shows presented by Esplanade.

Since its relaunch in 2013, Keppel Nights has benefited over 9,000 students from some 50 schools. Keppel Corporation renewed its sponsorship by committing $300,000 towards another term from 2015 to 2017.

To boost students’ engagement with the arts through experiential learning, Keppel Nights has expanded its scope to include workshops for students to experience different art forms and get a taste of performing.

At one such workshop on 1 April 2016, 40 students from Pioneer Primary School learnt more about Indian dance culture and had the opportunity to put it into practice – replete with traditional Indian dance costumes – at the Esplanade Rehearsal Studio.

The two-hour workshop was conducted by Apsara Asia, an established Singapore-based dance company.

“I expected it to be a lot harder and I was really nervous but also excited. I felt really proud that I had achieved something that I’ve never learnt before!” enthused ten-year-old Vivien Tan.

Sharing her excitement was schoolmate Muhamad Hilmi Nufail Bin Mohamed Naser. “I was so excited to learn dance at the Esplanade because I didn’t know how to dance. The instructors were very kind and encouraged us.”

Mrs Mageswari Sudhakar, an accompanying Pioneer Primary School teacher, noted, “Some of the children were very shy and didn’t even want to try the costumes at first. But the dance instructors injected elements of fun and excitement that got them to relax.

“When they first arrived, many of them thought that dance is merely for entertainment’s sake. But at the end of this workshop, many realised that dance involves more than that; it requires discipline and hard work. Those who were hesitant at the beginning also learnt the importance of trying out new things.”

Students from Pioneer Primary School learned more about Indian dance culture and got a taste of performing during a Keppel Nights workshop at Esplanade Rehearsal Studio.
Maritime excitement

The Amazing Maritime Challenge, held in conjunction with the Singapore Maritime Week, saw over 800 participants pit their wit and strengths against each other on 17 April 2016 to compete in a series of games around Singapore.

Keppel Corporation is once again a proud co-sponsor of the challenge, organised by the Maritime and Port Authority of Singapore and designed to allow participants to learn more about Singapore’s rich maritime heritage.

60 Keppelites joined in the maritime-themed games and true to its Can Do! spirit, a team from Keppel Shipyard, Fantastic 4, bagged third prize in the corporate category.

Team leader, Finian Lim, Quality Assurance Engineer, Keppel Shipyard, shared, “Each of us has different strengths but we worked closely together to come up with the best strategy so that we can complete the challenge in the shortest possible time. I am glad to have forged stronger friendships with fellow colleagues and to have a better understanding of Singapore’s maritime history. Our victory makes this experience even sweeter.”

Water for life

In Myanmar, where Keppel Land owns Sedona Hotels and a 40% stake in Junction City Tower, an estimated 70% of the population resides in rural areas that have limited access to clean water sources and basic health facilities.

Keppel Land, in partnership with non-profit organisations Singapore International Foundation (SIF), Mingalar Myanmar and the Singapore Red Cross, has embarked on the Water for Life project in Yangon to provide over 7,000 villagers in the townships of Kaw Hmu and Kungyangon with better access to clean drinking water.

Since the launch of the project in April 2013, a total of 51 employees from Keppel’s various business units participated in a total of seven volunteer trips. In mid-March, Keppel Land organised its final volunteer trip to the villages, rounding off a successful project run which saw the installation of 24 tube wells with water storage shelters, and 16 hygiene workshops conducted for the villagers.

The programme’s conclusion was marked with a ceremony graced by Mr Robert Chua, Singapore’s Ambassador to Myanmar; Ms Jean Tan, Executive Director of SIF; Dr Phone Win, Director at Mingalar Myanmar and Mr Ng Ooi Hooi, President of Regional Investments at Keppel Land.
Community champion

Keppel Subic Shipyard was conferred the Outstanding Community Projects Award by the Philippines Economic Zone Authority (PEZA) on 14 April 2016. The award recognises the shipyard’s sterling Corporate Social Responsibility (CSR) efforts.

Keppel Subic Shipyard’s CSR footprint in the Philippines include the College Scholarship Programme that nurtures young talents with financial difficulties, the Apprenticeship and Technical Skills Training Programme that provides vocational training for school leavers, and various other volunteer activities.

H.E. Benigno S. Aquino III, President of the Republic of the Philippines, congratulated all the award recipients, “Your being here shows your confidence in Filipinos and your commitment to our economy. Everything that PEZA has done is a reflection of how much we want you to build successful and lasting enterprises in our country.”

Mr Leong Kok Weng, President of Keppel Subic Shipyard, who received the award at PEZA’s 21st Anniversary celebration and Investors’ Recognition Night, said, “We thank PEZA for this recognition. This award strengthens our resolve in our role as good corporate citizens by paying it forward and sharing the responsibility of contributing to the community where we operate.”

Upcycling in Brazil

Responding to a recycling initiative kickstarted by the Department of Tourism of Angra dos Reis (TurisAngra), Brazil, Keppel FELS Brasil’s BrasFELS shipyard exercised ingenuity to develop bike racks from leftover materials such as oil drums, pipes and beams. Five sets of these in-house fabricated bike racks, each capable of holding up to 40 bikes, were delivered to TurisAngra on 7 April 2016. They will be used by tourists and residents of Vila do AbraÃO and Dois Rios communities in Ilha Grande, an island located off the coast of Rio de Janeiro, Brazil.

Mr Klauber Valente, President of TurisAngra, said, “Urban mobility in Ilha Grande is a great challenge. There are no vehicles and most of the community use bikes, which are very popular in Ilha Grande, especially in Abraão. I appreciate Keppel FELS Brasil’s efficiency in responding to our request. This demonstrates once again, the company’s commitment towards community engagement and corporate social responsibility.”
Sharpening and sharing skills

With the aim of empowering lives and nurturing communities, Keppel Volunteers and Care Corner held a Financial Literacy Family Day on 19 March 2016 to impart financial management skills to children and families. Held at the Keppel Leadership Institute, the event saw 19 families from Care Corner Admiralty and Woodlands participating.

Mr Paul Tan, Group Controller, Keppel Corporation spoke at the event, commending the efforts of the Keppel volunteers. He said, “This partnership with Care Corner has provided the opportunity for our volunteers undergoing the Singapore Qualification Programme to do well and to do good.

“Our volunteers have been able to use their experience and knowledge to equip families with valuable financial management skills. They have applied innovative and out-of-the-box thinking to make learning financial management both educational and enjoyable for participants”, he added.

Carrying on the momentum from the series of financial literacy workshops held by Keppel Volunteers in July and November 2015, families sharpened their skills and gained further insights from Keppel’s finance officers who generously volunteered their time to share their personal learning points with participants.

“While the series of financial literacy events are baby steps towards building up skills-based volunteerism, Keppel Volunteers believes that with perseverance and by forging deeper partnerships with our beneficiaries, we can engage Keppelites more meaningfully as well as contribute to empowering the less-privileged in our community,” enthused Belicia Ong, Senior Accountant of Keppel Land, who helmed the initiative.
Keppel secures FPSO project worth over $190 million in Brazil

Keppel Offshore & Marine (Keppel O&M) announced on 6 April 2016 that its subsidiary in Brazil, Keppel FELS Brasil’s BrasFELS shipyard, has been awarded a Floating Production Storage and Offloading (FPSO) module fabrication and integration project by its repeat customer MODEC Offshore Production Systems (Singapore) Pte. Ltd., a MODEC, Inc. group (MODEC) company, for a contract value of over BRL 500 million ($190 million).

BrasFELS’ work scope for this project comprises the fabrication and integration of nine topside production modules for the FPSO Cidade de Campos dos Goytacazes MV29. The FPSO is expected to arrive at the shipyard by the first quarter of 2017 for the integration phase.

As the most established offshore shipyard in the Latin American region, BrasFELS has successfully completed a range of construction, integration, upgrading and repair projects over the years.

Mr Kwok Kai Choong, CEO and President of Keppel FELS Brasil said, “We are pleased to support our long-standing customer MODEC with another important project for Brazil’s oil and gas industry. Having delivered a number of milestone offshore and marine projects for the country, BrasFELS has built up a strong track record and established itself as a provider of offshore solutions with strong local content. Our yard is committed to deliver all of our projects with Keppel’s hallmark executional excellence.”

When completed, the FPSO will have the capacity to process 150,000 barrels of oil per day and five million cubic metres of gas per day. The unit’s storage capacity is 1.6 million barrels of oil.

Slated to depart the shipyard in the third quarter of 2017, the FPSO will be deployed at Tartaruga Verde and Tartaruga Mestiça Fields, in the Campos Basin, off the coast of Rio de Janeiro.

Mr Sateesh Dev, Executive Managing Officer of MODEC, Inc. said, “We are very pleased to work with BrasFELS on a fifth FPSO project as they have always delivered to our satisfaction. Three units, which have been completed safely and ahead of schedule, are operating successfully in their respective fields. We look forward to working with them on our latest two FPSO collaborations. “Brazil has one of the most significant offshore oil reserves in the world. We are confident of the long term goal by Brazil to increase oil production and our partnership with a reputable yard like BrasFELS enables us to meet its needs in a timely and safe manner.”

BrasFELS’ current job for MODEC is the integration and commissioning of the FPSO Cidade de Caraguatutuba MV27. The FPSO is expected to arrive at BrasFELS in the second quarter of 2016, and will be deployed in the Lapa Field, Santos Basin, Brazil.

BrasFELS recently delivered the FPSO Cidade de Itaguai MV26 to MODEC in mid-2015. The FPSO achieved first oil production four months ahead of schedule, in the Iracema Norte Area of Lula Field in Brazil.

In the past five years, BrasFELS delivered five FPSO projects safely and ahead of schedule, of which three were for MODEC.